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LIGHTS - Leadership

Business elites in Europe: Have top managers' career paths in France, Germany and the UK become alike?

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Stefan SCHMID
ESCP Business School

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Stefan Schmid*

ESCP Business School

Abstract

While European countries have made much progress in terms of cooperation and integration since the 1950s, the European project and the European Union were never intended to lead to a full harmonization and standardization of values, beliefs, attitudes or practices across Europe. In this paper, I ask whether career paths of managers have become more similar across Europe over the past years or national differences still persist. I focus on the career paths of those managers who constitute the business elite in three major European countries, i.e. France, Germany and the UK. I show that, while there are some signs of globalization, evidence also exists for country-specific elements in top managers' careers. I conclude with an outlook of what may change in the years to come.

Keywords: business elites, diversity, Europe, top managers, upper echelons

*Professor, ESCP Business School

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Introduction

Previous studies on top managers' careers have already revealed that career paths are not identical across countries (Mayer & Whittington, 1999; Hartmann, 2000; Schmid, Wurster & Dauth, 2015). With a new study, we wanted to follow up on prior debates and investigate whether national career models still exist or whether, over time, trends of further harmonization can be observed. To analyze top managers and their careers, we collected data on the biographies of executive committee members in office. We drew information from corporate documents, including websites and reports; in addition, we took information from top managers' LinkedIn pages. Our sample covers nearly 950 top managers in French CAC-40 firms, German DAX-30 firms and British FT-100 firms (see Davoine & Schmid, 2022). To identify changes over time, we compared the new data with data from an earlier study (see Davoine & Ravasi, 2013).

Top managers and their career paths

Which are the most important findings of our study? We will differentiate between (1) the education of top managers, (2) the work experience of top managers and (3) socio-demographic characteristics of top managers.

(1) Education of top managers

On the one hand, the results of our study show that some elements of top managers' career paths are still country-specific. For instance, in Germany around one third of all top managers have a doctorate or PhD degree – a characteristic which is nearly irrelevant in France or Great-Britain (Schmid, Altfeld & Dauth, 2017). Also, among top managers in French and British firms, there is a higher concentration of degrees from select, elitist educational institutions (such as Grandes Ecoles like ENA or Polytechnique in France or Oxford and Cambridge in the UK). In contrast, German firms, when hiring (top) managers, place much less emphasis on the type of institution; instead Germany is known for a much more egalitarian education system with top managers having education from an extremely broad range of different institutions, including universities of applied science or cooperative state universities.

On the other hand our data reveal some signs of globalization. A first example is the rise of MBA degrees in upper echelons. While originally often considered an important degree in the Anglo-Saxon world, the (Executive) MBA degree has now also made its way into French and German firms (and their top management teams). A second example is the increasing tendency of managers to have both a national and an international degree. While formerly many top managers had an education from their own country, we now see a rising number of individuals combining one degree in the home country with another degree from abroad.

(2) Work experience of top managers

With respect to work experience, national peculiarities still exist. For instance, top managers in French firms usually have more cross-industry, cross-firm and cross-functional mobility than top managers in German firms. In Germany, in-house careers, while slightly less

frequent than decades ago, are still more common than in French or in British firms. A striking phenomenon of France is that many top managers of CAC-40 firms have worked in the public sector or in ministries before – a phenomenon which is completely unusual in Germany. According to our data, 25% of all CAC-40 CEOs have some previous experience in the public sector.

Still, there are also common tendencies in Europe. In all three countries studied, i.e. France, Germany and Great Britain, there is a growing number of top managers who have worked abroad. When analyzing the countries where top managers gained experience, the US is by far the most relevant country – and this applies to top managers in French, German and British firms alike. Another common trend in all three countries is the rising number of top managers with a prior career in audit and consulting firms (such as EY, KPMG, McKinsey or BCG).

(3) Socio-demographic characteristics of top managers

While in all three countries of our study, the number of female top managers is increasing, there is still a considerably lower percentage of women in C-suites of German firms. In Germany only approx. 15% of all top managers are female, whereas this figure amounts to 20% in France and 25% in Great Britain. In a similar vein, top managers of foreign nationality are to be found in all countries; in this case, France (with 30% of non-French top managers) is slightly behind Germany (with 36% of non-German top managers).

Conclusion and outlook

Despite some global trends, such as the rise of women in top management positions, the growing importance of (E)MBA degrees for careers, or the increasing number of top managers with a prior career in consulting and auditing, there is still no uniform landscape in Europe when it comes to those who are at the apex of German, French and British firms. Hence, like in other areas, Europe is characterized by diversity (Kaplan, 2014). Country-specific traditions and institutions as well as country-specific national business systems still persist, while at the same time international education and international experience help (future) top managers to be better prepared for the challenges of their firms in a complex, volatile world. Which are some trends for business elites in Europe for the years to come?

First, there are signs of increasing variety in the career paths of top managers in each country. Or to put it differently: Even when specifically examining individual countries, there is no single career model. Several career models co-exist in parallel, as we were also able to show in an analysis investigating in detail top managers in German DAX-30 firms (Schmid & Mitterreiter, 2021). It is highly likely that this trend will continue, also accelerated by the fact that European firms are heterogeneous in their culture, strategy and structure and also have some heterogeneity in their requirements for top management positions.

Second, careers at the top without any international experience will be nearly non-existent in the future. Those individuals who aspire to reach the C-suite decide to have experience from other countries and cultures early on – during their education and during early stages of their careers. While, in the past, top managers in European firms had experience from other European countries or the US (and to a lesser extent also in additional countries, such as China or Singapore), in the future, we will see even more international experience and a higher diversity of experiences from a broader set of countries. This will be the case despite some de-globalization trends in the world economy (Witt, 2019).

Third, we can expect to see more managers with a higher career variety. For instance, the proportion of managers who have spent their entire career in one firm before being appointed to a C-suite position (such as Christian Klein in Germany's SAP) will decrease. Although there are good reasons for firms to select individuals with a mountain-climber or chimney career, general tendencies in society will incite many individuals to make more frequent career transitions, and this applies also to those individuals who ascend to the top.

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